



PARTIAL CLAIM OPTION

Under the Partial Claim Option, the Lender will advance funds on behalf of a Borrower in an amount necessary to reinstate a delinquent loan. Ref: Mortgagee Letters 2003-19 and 2008-21.

FACTS

- A Subordinate Mortgage and Note, in the amount of the advance, is prepared in the name of the Secretary of HUD.
- Total delinquency may not exceed 12 monthly payments Principal, Interest, Taxes and Insurance.
- Legal fees and related foreclosure costs for work actually completed and applicable to the current default episode may be capitalized into the modified principal balance. Refer to Mortgagee Letter 2005-30.
- Late fees associated with the current default episode should be waived.
- Lender must verify Borrower was not able to repay delinquency through Special Forbearance or Loan Modification Option.
- Partial Claim cannot be used to bring the loan current for sale or assumption.
- Partial Claim may be used as a stand-alone Option.
- Partial Claim cannot be used in conjunction with a Loan Modification.
- Partial Claim amount must be included when calculating total indebtedness for the purpose of a Preforeclosure Sale.
- No administrative fees for completing the Partial Claim documents can be passed on to the Borrower.

ELIGIBILITY

- Loan must be four months due and unpaid.
- Borrower must have overcome the cause of default.
- Owner-occupant committed to continuing occupancy as primary residence.

PROCEDURES

- Lender will conduct a financial analysis of the Borrower's household income and living expenses.
- Calculate surplus income percentage for a minimum of three months.
- If Borrower's income percentage is 0% or less the Partial Claim is disallowed.
- Partial Claim must fully reinstate the loan.

Revised – May 26, 2011

- Partial Claim is due and payable when the first mortgage is paid off or when the Borrower no longer owns the property. Payments are to be delivered to HUD, C/O C&L Services Corporation, 2488 East 81st Street, Suite 700, Tulsa, OK 74137 (877) 622-8525, FAX number (918) 236-3272. Payoff procedure is as follows:
 - (a) Payoff request along with the Borrowers authorization and either a copy of the mortgage /deed of trust or title search report, is faxed to the Customer Service Department,
 - (b) The Customer Service Department verifies the information in HUD's system and sets up a payoff request,
 - (c) Cash Management verifies amount, prepares and fax payoff, and
 - (d) Upon receipt of verified payoff funds, they are posted to the account and the Satisfaction of Mortgage is prepared and submitted to the county for recordation.

If you have any questions you may contact NSC at:

National Servicing Center

http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/nsc/nsc/home

Email: hsg-lossmit@hud.gov

1-877-622-8525

Frequently Asked Questions:

http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/nsc/faqsctc